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FISCAL IMPACT STATEMENT

LS 6328

BILL NUMBER: HB 1022

NOTE PREPARED: Feb 17, 2011

BILL AMENDED: Feb 15, 2011

SUBJECT: Officeholder Qualifications.

FIRST AUTHOR: Rep. Saunders

FIRST SPONSOR:

BILL STATUS: 2nd Reading - 1st House

FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: Local

Summary of Legislation: (Amended) *Unit Employees Elected to Office*- The bill provides that an employee of a county, city, town, or township (unit) is considered to have resigned from employment with the unit if the employee becomes an elected officer of the unit.

Exceptions- The bill makes the following exceptions: (1) An employee of a unit is not prohibited from holding an elected office of a unit other than the unit that employs the government employee. (2) An employee of a unit elected in the November 2011 municipal election who assumes office on January 1, 2012, or who is serving in an elected office on December 31, 2011, may serve the remainder of the employee's elected term of office. (3) A member of a county sheriff's department who is elected county sheriff does not resign as an employee of the sheriff's department when the member assumes the office of county sheriff, but may not be employed by the department in any other position while serving as sheriff. (4) A police officer or firefighter who assumes an elected office of the unit that employs the officer does not resign from the police or fire department but must be granted and take a leave of absence from the department for the entire period the police officer or firefighter serves in the elected office.

Nepotism Prohibited- The bill prohibits certain relatives of an elected official of a county, city, town, township, or school corporation (local unit) from being employed by the local unit in which the relative is within the direct line of authority of the elected official.

Exemptions- The bill exempts an individual who: (1) has been employed in the same position with the local unit for at least 12 consecutive months immediately preceding the date the relative of the employee assumes the elected office; and (2) has not been suspended or demoted during that period; unless the individual is promoted to a higher rank, grade, or position or, if the individual is a police officer or firefighter, is promoted

to a higher rank other than a merit rank, after the date the relative of the employee assumes office.

Public Safety Officer Exemptions- The bill exempts: (1) a police officer employed by a police department on June 30, 2011, and serving a probationary period with the intent of becoming a merit employee of the police department; or (2) a firefighter employed by a fire department on June 30, 2011, and serving a probationary period with the intent of becoming a merit employee of the fire department; unless the individual is promoted to a higher rank other than a merit rank.

Monetary Exemption Threshold- The bill exempts an elected official and relatives of the elected official if the sum of actual compensation and benefits from the local unit of the relatives of the elected official total not more than \$10,000.

Definition of Relative- The bill includes in the definition of "relative": (1) an individual who shares a residence with an elected official for a total of at least six months of the calendar year; and (2) any other individual designated by ordinance or resolution of the local unit.

Reimbursement- The bill provides that an elected official who violates the nepotism provisions shall reimburse the local unit for the following: (1) If the relative is employed for not more than one year, the salary paid to the relative by the local unit. (2) If the relative is employed for more than one year, the greater of the relative's salary for one year or 20% of total salary paid to the relative.

Effective Date: July 1, 2011.

Explanation of State Expenditures:

Explanation of State Revenues:

Explanation of Local Expenditures: (Revised) *Unit Employees Elected to Office/Exceptions-* A police or firefighter that is elected to an office in a local unit would continue to be credited with time spent in full-time employment for all purposes, including retirement and pension benefits while in office. The impact of this provision on the 1977 Police Officers' and Firefighters' Pension and Disability Fund is unknown and would depend on the number of firefighters and police officers that are elected to local office in the future.

Explanation of Local Revenues: (Revised) *Reimbursement-* This provision could allow a local unit to recoup paid wages, if nepotism took place. The impact of this provision on local revenues would depend on unit action to determine if nepotism took place and warrants repayment of salary.

State Agencies Affected:

Local Agencies Affected: Local units of government.

Information Sources:

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